



Introduction



Welcome to CalSTRS. The *CalSTRS Member Handbook* provides an overview of the programs and services administered by the California State Teachers' Retirement System. It has been prepared to answer frequently asked questions about your retirement system and to help you understand the benefits and responsibilities of membership in the CalSTRS Defined Benefit Program.

Changes in Benefits

Active member benefit changes include an expansion of what is considered creditable compensation to include many additional duties that were previously considered overtime and an increase in contributions eligible to be credited the member's DBS account. (See page 10)

The Governor and legislature from time to time make statutory changes that may affect your CalSTRS benefits—and that may affect any decision by you concerning your career or retirement. CalSTRS makes every effort to provide adequate information when going to print, but legislation can undergo rapid change.

To stay informed about any possible changes, you should consult as many sources as possible including the California State Legislative Counsel Web site (www.leginfo.ca.gov), the CalSTRS Web site (www.calstrs.ca.gov), the CalSTRS Public Service Office (800-228-5453), CalSTRS retirement counselors or your union and elected legislative representatives.

Helpful Definitions

Creditable service and **creditable compensation** are terms that appear often in this handbook. The simple description of "creditable service" is the work activities that count toward years of service for CalSTRS retirement purposes. Creditable compensation, on the other hand, is the pay that members of the CalSTRS DB Program receive for creditable service that counts for retirement purposes. The Teachers' Retirement Law defines what counts and what does not count as creditable compensation.

Another term that is used in this handbook is **allowance**, which refers to the monthly benefits paid under one of the CalSTRS retirement, disability or survivor programs.

The glossary in Section XI will help to explain other concepts and terms you will find in this handbook.

If you need additional information, other resources are listed in Section X, General Information.

A Brief History of the CalSTRS

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school teachers. Membership in the CalSTRS Defined Benefit Program includes all employees in California public schools from kindergarten through community college in



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positions performing creditable service under the DB Program.

Teachers' Retirement Board

The California State Teachers' Retirement System is administered by the 12-member Teachers' Retirement Board. The Governor appoints eight members to serve four-year terms.

- two teacher representatives from kindergarten through twelfth grade appointed by the Governor from a list of candidates recommended by the Superintendent of Public Instruction
- a retired member of CalSTRS from a list of candidates recommended by the Superintendent of Public Instruction
- a community college instructor who has expertise in the areas of business, economics or both, appointed from a list submitted by the Board of Governors of the California Community Colleges
- a member of the governing board of a school district or a community college district, appointed from a list of candidates recommended by the Superintendent of Public Instruction
- an insurance official
- an officer of a banking institution who has at least five years of broad professional investment experience
- a public representative

(The last three appointments require Senate confirmation.)

Four board members serve in an ex-officio capacity by virtue of their office: State Superintendent of Public Instruction; State Controller; State Treasurer; and Director, Department of Finance.

The Teachers' Retirement Board sets the policies and makes rules for the California State Teachers' Retirement System and is responsible for ensuring benefits are paid by the system in accordance with law.

The board appoints a Chief Executive Officer to administer the system consistent with the board's policies and rules. The board also selects a Chief Investment Officer to direct the investment of the Teachers' Retirement Fund in accordance with board policy.

The board has six standing committees: Benefits and Services, Budgets and Audits, Executive Compensation, Governance, Health Benefits and Investments which is a committee of the whole.

Teachers' Retirement Fund

The Teachers' Retirement Fund is a special trust fund established by law that holds the assets of the CalSTRS DB, Defined Benefit Supplement and Cash Balance Benefit programs. The assets come from contributions from employees, employers and the state of California. The fund's investments create a stream of income to add to those assets.

When selecting investments, the Teachers' Retirement Board applies standards of safety, diversification, liquidity and structure for a complete and profitable investment portfolio. The portfolio includes stocks, bonds, real estate and short-term investments. Within these categories, CalSTRS further diversifies by holding a variety of issues within each segment.

At the end of the 2002 fiscal year, the Teachers' Retirement Fund portfolio market value was \$96.7 billion. CalSTRS ranks as the nation's largest teacher retirement fund and third largest pension fund.



For further information about Teachers' Retirement Fund investments, call CalSTRS Teletalk at 800-228-5453 and select message #802. Or visit the CalSTRS Web site at www.calstrs.ca.gov.